

Standard USHC-7: The student will demonstrate an understanding of the economic boom-and-bust in America in the 1920s and 1930s, its resultant political instability, and the subsequent worldwide response.

USHC-7.5 Compare the first and second New Deals as responses to the economic bust of the Great Depression, including the rights of women and minorities in the workplace and the successes, controversies, and failures of recovery and reform measures such as the labor movement. (H, P, E)

Taxonomy Level: 2.2 B Understanding/ Comprehension

Previous/ future knowledge:

In the 5th grade, students were introduced to the lasting effects on government of the New Deal, including the Social Security Act, the Federal Deposit Insurance Corporation, and the Civilian Conservation Corps. (5-4.1)

In the 7th grade, they studied the worldwide depression of the 1930s, including the economic crash of 1929 and political responses to the depression such as the New Deal in the United States, the rise of Nazism in Germany, and the economic retrenchment in Britain. (7-5.3)

In the 8th grade, students focused on the effects of the Great Depression and the lasting impact of New Deal programs on South Carolina, including the Rural Electrification Act, the Civilian Conservation Corps, Works Progress Administration and Public Works Administration building projects, the Social Security Act, and the Santee Cooper electricity project. (8-6.5)

In 12th grade, students will take both American government and economics. An understanding of the role of the federal government in meeting the problems of the Great Depression will help students to understand many of the concepts in American Government and Economics. The response of government to the problems of the Great Depression is an important example of the need for cooperative action in the face of political and economic crisis and will help students to prepare to summarize arguments for the necessity and purpose of government and politics, ...including the idea that the purposes of government include enhancing economic prosperity ... (USG-1.1). The purpose and impact of the Agricultural Adjustment Act will help students to understand the effect of shortages and surpluses in a market economy, ... changes in the price of products as a result of surplus or shortage (ECON-2.4) An understanding of the banking crisis and the impact of the Federal Deposit Insurance Corporation and the Security and Exchange Commission will help students to understand the roles of and relationships among economic institutions in a market economy, including the banking system and its interaction with business firms and consumers, the economic circular flow model, the function of financial and securities markets (ECON-5.2). A discussion of the labor policies of the New Deal, including the Wagner Act and the Fair Labor Standards Act, will help students to understand the impact of labor unions on the American economy (ECON-5.2). Discussions about the role of the federal government during the New Deal will prepare students to compare the various functions and roles of the government in the United States economy, including providing public goods, defining and enforcing property rights, correcting externalities and regulating markets, maintaining and promoting competition in the market, protecting consumers' rights, and redistributing income (ECON-6.1). Analysis of New Deal economic data will help students to understand the importance of unemployment rates (ECON-7.1) in determining the health of the economy. An understanding of deficit spending and pump priming will help students to understand the role of the money supply in a free-market economy... (ECON-7.2) and the purposes and effects of fiscal... policies...(ECON-7.3).

It is essential for students to know:

This is one of the most complex indicators in the United States History standards and is an area of emphasis in USHC 7. It is essential for students to understand that the New Deal was *not* an attempt to introduce socialism in the United States, *although* many critics branded it as such. Indeed, some historians argue that because of the New Deal policies, capitalism was saved. It is also essential for students to understand that, although the New Deal policies alleviated some suffering and offered hope to Americans in their bleakest hour, they did not solve the economic problems of the Depression. Rather, government spending during World War II ended the Depression. They must also understand that, as a result of the reforms initiated during the New Deal, the United States has not suffered another economic depression of the magnitude of the Great Depression. Although it is not essential for students to remember the names of the legislation passed during the New Deal, it is essential that they understand how each of the agencies established was intended to address the goals of relief, recovery and reform.

This indicator requires that students be able to compare the first and second New Deals. They should be able to identify the **first New Deal** as the initial response started during the First Hundred Days that attempted to stabilize the economy, help it recover and relieve human suffering. It also included some successful and enduring reforms. The closing of the banks for a bank holiday stopped the escalating collapse of the banking industry. Roosevelt's first fireside chat encouraged people to trust in the banks and when the banks reopened, the panic had subsided. Government insurance of bank deposits instilled confidence in the safety of banks [Federal Deposit Insurance Corporation (FDIC)]. Regulations were placed on the stock market to prevent the conditions that led to the crash [Securities and Exchange Commission (SEC)]. The federal government sent millions of dollars to the states to use for relief, using deficit spending to boost the economy and 'prime the pump.' Farmers were paid government subsidies so that they would not plant so many crops, which addressed the traditional problem of overproduction and low prices [Agricultural Adjustment Act (AAA)] (USHC 5.3). Although this program stabilized prices and raised farm income, it hurt sharecroppers and tenant farmers by taking some farm land out of production. Rural electrification programs brought power to many. The government built dams to generate electricity for people in seven states [Tennessee Valley Authority (TVA)]. This created jobs for thousands of people who spent their government paychecks and thus stimulated the economy. Unemployed young men were given work in the nations' parks [Civilian Conservation Corps (CCC)]. Other programs built bridges, hospitals, schools and air fields. Spending on cultural programs provided work to thousands of writers, artists and actors and established the precedent for federal support of the arts [Works Progress Administration (WPA)]. Job creation programs put some people to work, alleviated their despair and economic hardship and pumped some money into the economy. However, the New Deal did not result in economic recovery.

Students should understand that **criticism of the New Deal** from both conservatives and liberals and rulings by the Supreme Court that struck down some New Deal programs led to the Second New Deal. Criticism from the political Right was that the New Deal was too expensive and socialist. Franklin Delano Roosevelt was accused of taking too much power for the federal government and the executive branch and critics compared him to fascist leaders in Europe. The conservative Supreme Court undermined New Deal programs. The Court struck down a program designed to help the economy stabilize and recover by establishing business codes of fair practices written by representatives of business, labor and government [NRA]. By declaring this program [NRA] unconstitutional, the court also struck down other provisions that it included such as the right of labor unions to organize and bargain collectively for workers and minimum wage and maximum hour provisions. The court also struck down the subsidies for farmers [AAA]. The court-packing plan fueled this criticism from the Right. Although the court-packing plan promoted a backlash against Roosevelt, afterwards the court did not overturn any subsequent New Deal legislation. FDR was also criticized for the unbalanced budget. Critics on the political Left claimed that Roosevelt was not doing enough to redistribute income and help the elderly and the poor. Labor unions demanded recognition.

The **second New Deal** started in 1935 with a Second Hundred Days that rejected the criticisms of the Right and responded to the criticisms of the Left. It placed an emphasis on *reform* of the system while maintaining *relief* and *recovery* efforts. The New Deal established minimum wage and maximum hours [Fair Labor Standards Act] and recognized the right of workers to organize in labor unions and bargain collectively [Fair Employment Practices Act (Wagner Act)]. A national insurance policy was established for the unemployed, the disabled, the elderly and dependent children [Social Security Act]. Workers would pay into the plan for protection against unemployment and for retirement. Although the program did not cover all workers, it became the most significant and enduring part of the New Deal and later significantly impacted the poverty level. Social Security, however, did nothing to immediately aid the recovery from the Depression since it took money out of paychecks and did not make payments immediately. Critics of the New Deal cite the Social Security Act as evidence of going too far and laying the foundation for excessive social welfare.

African Americans were affected by the privation of the Depression and by discrimination and racial hostility. They were the last hired and the first fired. Forty-eight percent of black workers were unemployed in 1933 and they were not protected by the programs of the New Deal. The farm subsidies paid to landowners hurt the sharecropper and tenant farmers, who were often African American. The CCC was racially segregated and the TVA gave skilled jobs to whites. However there were significant attempts to address racial discrimination as President Roosevelt consulted the “Black Cabinet,” a group of African American government employees (not Cabinet members, however). Eleanor Roosevelt championed Marian Anderson against the Daughters of the American Revolution and arranged for her concert on the steps of the Lincoln Memorial. After African Americans threatened a march on Washington, a commission was established to protect the rights of African American workers in wartime industries [Fair Employment Practices Commission (FEPC)]. Consequently, northern blacks began to vote for the Democratic Party.

During the Depression, **women** had to “use it up, wear it out, make it do or do without.” They also had to find whatever work they could to help their families, despite job discrimination based on the idea that they were taking jobs away from men. The New Deal did *not* address the specific problems of women. The CCC was limited to young men and other New Deal programs hired many more men than women. Some early business codes [National Recovery Administration (NRA)] allowed a lower minimum wage for women. The Social Security Act failed to provide coverage for many women workers. However, President Roosevelt named the first woman to a cabinet level position and relied upon his wife Eleanor for advice and information.

The New Deal should be understood as part of the pattern of reform movements in the United States. Although the New Deal recognized the role of labor unions and established minimum wage and maximum hours standards that were a goal of the unions of the late 1800s and the progressive movement of the early 20th century, advancements for unions came under attack again in the 1950s. The New Deal was both a continuation of the progressive movement and a precursor to the reform movement of the 1960s, including the civil rights movement and the Great Society.

It is not essential for students to know

Students do not need to know the names (or initials) of all of the legislation and or agencies established during the New Deal. However, they should know the major and enduring ones such as the FDIC, SEC and Social Security. Students do not need to know that during the Roosevelt administration Prohibition was repealed and the United States went off of the gold standard. Students do not need to know the names or roles of the many advisers of President Roosevelt known as the Brain Trust, but *should* know about the role played by Roosevelt’s wife Eleanor.

Although students need to know about the role of the Supreme Court in undermining the first New Deal, they do not need to know the names of the specific cases such as the “sick chicken” case of *Schechter vs. the U.S.* that found the NRA unconstitutional or *U.S. v Butler* that overturned the AAA. They do not need to know the basis that the court used to overturn this legislation. Students do not need to know the specifics of the court packing plan. They do not need to know the names or the proposals of FDR’s critics such as Father Charles Coughlin, Dr. Francis Townshend, or Huey Long.

Students do not need to understand that the impact of FDR’s attempts to balance the budget led to the recession of 1937. They do not need to know that deficit spending in order to “prime the pump” of the economy is based on the theory of John Maynard Keynes and is sometimes referred to as Keynesian economics.

It is not necessary to evaluate the policies of the 1930s based on subsequent social, economic and demographic changes such as medical advances that prolonged life expectancy and today places the Social Security program in jeopardy. Nor is it necessary to evaluate the Social Security Act based on the subsequent increase in the number of people who developed a dependence on the public dole.

Students do not need to know specifics of the sit-down strikes of the 1930s, nor do they need to know that the Congress of Industrial Organizations’ split with the American Federation of Labor. They do not need to know the names of the members of the Black Cabinet or the name of Frances Perkins, the first woman Cabinet member. They do not need to know the story of the Scottsboro boys or about the increased number of lynchings that took place during the 1930s. They do not need to know that A. Philip Randolph organized the threatened march on Washington that led to the creation of the FEPC.

Assessment guidelines:

Appropriate assessments will require students to **explain** the basic successes and failures of the two phases of the New Deal and how criticism of the New Deal propelled it to become more responsive to the long term need for reform of the system. Students should be able to **compare** the first and second New Deals as to their primary purpose and their degree of success. They should be able to **summarize, classify** and **identify examples** of New Deal programs that addressed the need for recovery and reform during the Great Depression. Students should be able to **interpret** maps, graphs and political cartoons and **infer** their relationship to information about the time period. They should be able to **interpret** the significance of New Deal legislation and **infer** its impact on women, minorities, workers and the American economy and politics.